

Boeing

Shortly after the Air Force announced that the C-5 depot maintenance work would be relocated to the Warner Robins Air Logistics Center, Georgia, a delegation of Boeing facility managers asked to survey Kelly's



From left, James C. Restelli, Vice President / General Manager, The Boeing Co.; U.S. Senator Kay Bailey Hutchison; Howard W. Peak, Mayor of San Antonio; Navarra Williams, Chairman GKDC at GKDC / Boeing lease signing

1.3 million square feet of aircraft depot facilities. The Boeing delegation was enthusiastic about Kelly's potential, but aware of the potentially significant capital investment required to make Kelly's facilities commercially viable. The Air Force supported every meeting and every request for information from Boeing and GKDA. Additionally, the Air Force made portions of the facilities available for preliminary construction work. The Air Force and GKDA collaborated on the many site preparation and other real estate actions that allowed GKDA to secure a \$25 million site improvement loan under terms acceptable to all parties. The GKDA/Boeing sublease is one of the major success stories in BRAC history, and an example of vision, planning, partnership and performance at its finest. Most importantly, the Boeing Aerospace Support Center at Kelly has generated more than 1,700 jobs to date. GKDA believes that as many as 3,000 more jobs may be created

as this success story continues.

Lockheed Martin

The migration of government engine overhaul repair facilities at Kelly to Lockheed Martin was



a virtually seamless transition. On one day, the facilities and workload belonged to the Air Force, and on the next day they were under lease from the Air Force to GKDA and under sublease to its tenant, Lockheed Martin. The "hot transfer" concept did not just happen—it took months of careful coordination

among the Air Force, GKDA, and the contractors. Plans were shared, facility improvements were scheduled to not interfere with shop work, and joint project management was employed to

ensure a successful transition. The collaboration worked. Lockheed Martin hired 1,200 workers of which 95 percent are former Kelly employees. Engine support to the field

continued with no interruptions. The Lockheed Martin sublease is truly a transformation that meets Air Force priorities while providing significant redevelopment opportunities for GKDA.



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ABOUT THIS BROCHURE

Approved by
Major General Paul L. Bielowicz, USAF, Commander

Contributors
Mr. Tommy B. Jordan, SES, USAF, Director of BRAC Implementation
Mr. Glen Whiton, Director Public Affairs
Mr. Gary Emery, Deputy Director Public Affairs
Mr. Dave Stokes, Public Affairs Specialist
KPMG Consulting
Greater Kelly Development Authority
Air Force Base Conversion Agency
Creative Civilization - An Aguilar Agency





DEPARTMENT OF THE AIR FORCE
HEADQUARTERS SAN ANTONIO AIR LOGISTICS CENTER (AFMCC)
KELLY AIR FORCE BASE, TEXAS

In 1995, following the Base Realignment and Closure (BRAC) announcement, Kelly AFB began the realignment and closure journey. After providing extraordinary mission support for more than 80 years, the time had come to make significant changes. The base faced many new challenges. However, the men and women of Team Kelly never wavered in their devotion and determination to ensure Kelly continues as a world-class operation.

First, we established our priorities to guarantee a continued focus on what needed to be done. These priorities were: (1) to protect Air Force readiness, (2) take care of our Kelly employees, (3) minimize the impact of Kelly's transformation on the community and (4) turn over a "going concern" to the Greater Kelly Development Authority (GKDA). These priorities have all been met or exceeded during Kelly's transition.

Kelly's realignment and closure has been one of the most complex transformations in the history of BRAC. It has also been a tremendous success story for the San Antonio community and the Air Force. The commitment of our people in the face of uncertainty and the vision, planning, and performance of Team Kelly set a new standard for base realignment and closure operations. During this period, Air Force and community leaders shared common goals and jointly pledged to complete the transformation in spite of many obstacles. Successes include the public-private competition of the Air Logistics Center's two largest workloads, the C-5 aircraft and the engine depot maintenance activities, and the realignment of our remaining missions to other centers or locations. These achievements are even more impressive when you consider GKDA's redevelopment planning and implementation and that the airfield joint-use agreement had to be accomplished simultaneously, and had to be in compliance with complex base realignment and closure laws and regulations.

The Kelly story, as told in this brochure, highlights only a few of the many key accomplishments associated with our BRAC implementation. The people of Kelly have rendered long and outstanding service to this nation and have built a tradition that will endure through time. As you read this, I hope you too get a sense of Kelly's illustrious history and legacy to our nation.

The transformation of Kelly AFB to KellyUSA will stand as the model for future base realignments and closures. KellyUSA will be a world-class center for international business, employing many former Kelly employees and bringing continued growth to the San Antonio community.

I salute Team Kelly for a job well done!

Sincerely,

PAUL L. BIELOWICZ
Major General, USAF
Commander



Major General Paul L. Bielowicz

KellyUSA

The Center for Global Business



Pratt & Whitney

Pratt & Whitney became GKDA's first tenant on Main Kelly, executing a sublease for Building 310 on October 21, 1996. Soon afterward, Pratt & Whitney began repair activities on the F100 family of engines for foreign military sales customers. Pratt & Whitney subsequently expanded its operation by signing additional subleases for other facilities. Pratt & Whitney now employs more than 300 workers at Kelly. GKDA and the Air Force, in partnership with Pratt & Whitney, worked together to meet short-notice facility preparation.

EG&G

EG&G leased 3.8 million square feet of warehouse and distribution space on March 13, 1998, when it assumed the distribution workload for the Defense Logistics Agency. Putting the EG&G lease in place represented significant collaboration and coordination efforts among DLA, the Air Force, GKDA, and EG&G. The DLA warehousing workload needed to be put on contract with EG&G; the Air Force needed to support the turnover of the facilities and changes to its Interservice Support Agreement; and GKDA needed to lease the facilities at a cost competitive rate that supported DLA's business plan. Again, issues related to the complexity of this transaction, any one of which could have impeded redevelopment success, were overcome by the cooperation exhibited by all parties. The privatization of the distribution and warehousing work created over 500 new commercial jobs at Kelly.

In 1995, the San Antonio Air Logistics Center established the priority goal of turning over a "going concern" to GKDA and the San Antonio community. Today, KellyUSA is that going concern, but is likely only the beginning of a much larger success story for San Antonio. The early successes experienced during Kelly's transformation have made it the model for future Department of Defense military base conversions.

Kelly's redevelopment success to date is due to the Air Force, GKDA, and the tenants all working together to forge timelines and operating agreements that facilitate commercial development. The Air Force accelerated its move-out of key facilities, expedited its environmental assessments and corrective actions, and leaned forward to make redevelopment real estate actions happen. GKDA supported the Air Force actions, understood and appreciated the Air Force's positive approach, and established reasonable expectations with its tenants. Each commercial tenant and each lease created a unique set of challenges, but the Air Force and GKDA persevered "to make it happen." Kelly's transformation from an active Air Force installation to an industrial park is a significant success story. The details of several notable successes follow, but the real success is in the large number of leases that have already been signed well in advance of Kelly's closure.

Rail Car America

Rail Car America of San Francisco, became GKDA's first tenant on East Kelly, creating Kelly's first 135 commercial jobs. GKDA and Rail Car signed the initial sublease on March 3, 1997, for 32 acres of vacant land on East Kelly and converted it into a rail car maintenance facility. Rail Car agreed to improve rail access to the entire area and construct a rail car transfer table, two buildings, a repair shop and storage track. This initial lease was a success because the Air Force agreed to sign an interim lease with GKDA in time to meet Rail Car's schedule. Before signing its lease to GKDA, the Air Force helped accelerate site preparation activities and overcame various obstacles. These activities which kept the lease signing on schedule, turned out to be valuable practice for larger efforts to come.



Kelly Main Gate ca. 1917

Kelly has a proud history and a proud legacy. Its people have served our nation well for more than 80 years in both war and peace. Today, "Kelly Field" is the oldest, continuously active air field in the United States Air Force. Kelly Air Force Base is named for Lieutenant George Kelly, the first American military aviator to lose his life in the crash of a military aircraft.

From humble beginnings as Major Benjamin Foulois' site for "a new flying field" in November 1916, Kelly Air Force Base has evolved from a grass landing strip into a world class commercial aerospace maintenance facility with Boeing and Lockheed Martin as the largest tenants.

In the Beginning-Kelly and World War I

America entered the first World War the day after Kelly Field opened and the base's operations expanded rapidly to meet the needs of the Army's fledgling air arm. In 1917, the base formally began pilot training with four Curtiss JN-4 "Jenny" aircraft. From 1917 to 1918, about 250,000 men assembled at Kelly. Some remained at the field to be trained as

mechanics, pilots, and flying instructors.

Cradle of Airpower-Kelly Between the Wars

At the end of World War I, the military reduced its numbers and closed many of its wartime facilities. However, Kelly was left open to consolidate operations from other locations. During the 1920s, the Advanced Flying School moved to Kelly and the base became a major supply and repair depot. Visionaries serving at Kelly during this era included Charles Lindbergh, and future Air Force Chiefs of Staff Generals Thomas D. White, Curtis R. LeMay, John P. McConnell, Hoyt S. Vandenberg, Carl A. Spaatz, Nathan F. Twining, and John D. Ryan. Major General Claire Chennault of World War II "Flying Tiger" fame was a Kelly Field instructor.

Forge of Freedom-Kelly's Role in World War II

In 1939, with a new crisis building in Europe, Congress authorized \$300 million to strengthen the Army Air Corps and hundreds of new planes, officers, and enlisted men made their way to



Captain Benjamin Foulois & 1st Aero Squadron members



Lt. George Kelly at far left



Charles Lindbergh



Early Kelly flightline



"Kelly Katies" 1942-1945
Mary Muñoz Nerio with sister Mercy

San Antonio and Kelly. Almost overnight, the Kelly maintenance population exploded from approximately 1,100 to over 20,000. Nearly 40 percent of the workers at Kelly Field were women. During World War II, women everywhere contributed greatly to the successful war effort. They worked in every shop at Kelly, including engine overhaul. These "Kelly Katies" were the San Antonio version of "Rosie the Riveter."

During World War II, Kelly trained more than 6,800 aviators. Kelly's maintenance shops worked on thousands of Army aircraft, including B-17s, B-25s, B-29s, P-51s, and the C-47 cargo plane. Kelly's WW II mission turned the base into a huge industrial complex, a legacy that continues today.



The Air Force Spreads its Wings-Kelly in the Postwar Period

Kelly Field became Kelly Air Force Base in January 1948, a few months after the Air Force became a separate service. In 1948, Kelly played a vital role in the largest air cargo operation of all time, the Berlin Airlift. Kelly was the only depot in the country repairing and overhauling the engines used by Air Force cargo airplanes carrying food and supplies to beleaguered Berliners.

The outbreak of the Korean War in June 1950 placed heavy demands on Kelly and its people. Almost immediately, the Kelly maintenance line went into round-the-clock production to recondition B-29s for overseas service. The glow of the nighttime production lights reflected on the aluminum skin of the bombers earned Kelly's flightline the nickname the "Great White Way."



Kelly workers once again demonstrated their commitment to the nation's defense.

By 1951 the giant Convair B-36, rapidly taking the place of the B-29, began arriving in ever-increasing numbers at Kelly for maintenance and repair. Nicknamed the "Peacekeeper," the B-36 was radical in its design; its six pusher propeller engines gave it a top speed of more than 400 miles per hour. It was the first American bomber capable of reaching any target on the globe and it continued to be the primary workload through 1956.

Kelly's Realignment to Lackland

In 2001, portions of Kelly, principally the airfield and areas to its west, will realign to and become part of Lackland Air Force Base, making Lackland one of the largest Air Force bases in the world. The area of Kelly transferred to Lackland will become known as the Kelly Field Annex of Lackland Air Force Base. The airfield itself will still be known as Kelly Field, maintaining its proud legacy as the oldest continually active military airfield in the country! The transformation of Kelly Field will be achieved when the GKDA-Air Force joint-use agreement is completed. Once granted, Lackland will operate the airfield while GKDA will use Kelly Field for redevelopment related purposes.

A number of current Kelly tenant organizations, including Headquarters, Air Force News

Agency; the Defense Commissary Agency Midwest Region; the Defense Information Support Agency; and others will continue to occupy their current facilities as tenants of GKDA. The Air Force will transfer ownership of their facilities to GKDA and these organizations will lease back the space they need to continue mission operations. A number of other Kelly tenants, including the Air Intelligence Agency, the 433rd Airlift Wing (Air Force Reserve Command) and the 149th Fighter Wing (Texas Air National Guard) will become tenants to Lackland Air Force Base. Other organizations becoming part of Lackland but occupying facilities in leased space east of the airfield, such as the



Air Intelligence Agency (AIA)

InterAmerican Air Forces Academy, will remain as GKDA tenants until suitable facilities can be constructed for them on the Kelly Field Annex or on main Lackland.



433rd Airlift Wing



149th Fighter Wing

are satisfied with the final cleanup. Normal environmental management activities at Kelly have also been transformed. Many of the Air Force's day-to-day environmental management activities have either been transitioned to GKDA as they host new tenants in the redeveloped portion of Kelly or have transitioned to the AFBCA for further implementation. The Air Force will remain committed to its environmental cleanup responsibilities until the job is done. This will allow final deed transfer of the property to GKDA.

A highlight of the Kelly environmental transformation has been the accelerated turnover of facilities from the Air Force to new commercial tenants. At other

closing bases, areas where hazardous materials or wastes were created or stored were simply vacated, cleaned up and transfer document language prohibited future uses that involve hazardous substances. At Kelly, shops and waste handling facilities are commonly critical pieces of the industrial process they support. New procedures now close out Air Force activities in a way that separates past and future processes and protects the environment.

To facilitate Kelly's rapid transformation, a massive effort was launched to simultaneously accomplish environmental closure activities while accommodating redevelopment. This effort required the extensive coordination and cooperation of the following organizations and staff:

- Kelly Environmental Management
- AFBCA environmental personnel
- Air Force and DoD policy makers at all levels
- EPA
- TNRCC
- GKDA
- Commercial tenants

The result of this effort has been a resounding success! To date, no environmental issues have impeded new job creation efforts for San Antonio. KellyUSA is now a showcase of sound environmental management by GKDA and its tenants, combined with uninterrupted efforts by the Air Force to complete environmental cleanup.



Higher and Faster-Kelly Enters the Jet Age

In 1956, Kelly became the specialized repair depot for the Boeing B-47 Stratojet, the Air Force's first all-jet strategic bomber. In 1960, Kelly began repair of the B-58 Hustler, America's first supersonic bomber.

Just a few years later, the Air Force's premiere bomber, the B-52, became the major depot-level maintenance workload for Kelly. B-52 modifications performed at Kelly increased the aircraft's

load capability and range. The San Antonio shops camouflage painted the B-52s for Southeast Asia operations.

Southeast Asia Buildup-Kelly Supports the War in Vietnam

Kelly employees were deeply involved in supplying parts and expertise for the Vietnam conflict, working both here and abroad. Kelly managed weapon systems used in Southeast Asia which included F-102, A-37, O-2, B-52 and F-5 aircraft. Major maintenance activities centered around aircraft engines, air field lighting

equipment, life support system items, aerospace ground equipment, and special fuels. Another Vietnam-era role Kelly played was "Operation Homecoming" in 1973. Thirty-two American former prisoners of war were greeted by proud



Kelly workers as they returned home from years of captivity in Vietnam.

A Giant Comes to San Antonio-Kelly in the C-5 Era

In 1970, Kelly became the maintenance and repair depot for the massive C-5A Galaxy, the world's largest aircraft. For almost 30 years, Kelly's skilled work force performed engine and aircraft repairs and modifications in San Antonio. C-5s became familiar sights in the San Antonio skies. Kelly's program to strengthen C-5A wings extended each plane's operational life from 8,000 flying hours to over 30,000 flying hours. This was the largest modification program ever managed by an air logistics center. The F100 engine became a major engine workload for Kelly as F-16





and F-15 fighters entered the Air Force inventory in increasing numbers. The F100, which became Kelly's largest overhaul workload since the 1950s, dominated overhaul activities at the base during the latter part of the 20th Century.



Troops deploy from Kelly during DESERT STORM

Panama to Kuwait-Kelly Supports Warfighters Worldwide

In 1989 and 1990, Kelly supported American overseas military efforts. During Operation JUST CAUSE, the 1989 effort to end the rule of Panama dictator Manuel Noriega, Kelly served as a reception point for more than 250 incoming wounded American soldiers and as a transit point into and out of Panama for more than 8,200 troops. The base handled 230 tons of cargo, served over 9,600 meals, and used over two million gallons of aviation fuel during JUST CAUSE. In August 1990, the Kelly work force began around-the-clock support for Operation DESERT SHIELD and DESERT STORM. When the Iraqis surrendered in March 1991, Kelly had moved more than 10,000 tons of materiel, 17 million pounds of

munitions and more than 4,700 passengers in support of these efforts.

A Continuing Legacy-Kelly's Support to the Community

Kelly has always contributed to the San Antonio community.



Air Force Planning Actions:

The BRAC process at most bases typically takes between 24 and 30 months. At these bases, base closure actions are completed and communities can then begin long-term use of facilities. They face many challenges associated with trying to attract tenants to vacated facilities. At Kelly, innovative planning management that included full community participation led to long-term leasing of many Kelly facilities four years before its closure. Some of the innovations used at Kelly to accelerate the process were:

- Early joint planning sessions aimed at reducing duplication of effort.
- Adoption of the innovative management tools/techniques used by the team.
- Early appraisal of facilities and equipment and extensive sharing of appraisal assumptions with GKDA.
- Early establishment of environmental conditions so that leases could be executed.
- Coordination of the Air Force Environmental Impact Statement schedule with GKDA's Master Plan schedule, facilitating concurrent, rather than sequential completion of critical tasks.
- Early negotiation of the terms and conditions of the economic development conveyance of property.
- Extensive coordination with federal and state regulatory agencies and other federal, state and local agencies who have an interest in the future use of Kelly property.
- Actions to allow commercial use of facilities soon after they were vacated by the Air Force.

Environmental Management

The Air Force is fully committed to the environmental cleanup of Kelly. Kelly's pollution situation is the predictable result of industrial work at the base for many years before today's scientific knowledge and environmental laws existed. Activities that were legal, appropriate and common to all industrial facilities included practices that would never be proposed or tolerated today. Kelly's cleanup program is the response to that legacy.

To date, the Air Force has spent \$160 million to find, measure and clean up past contamination. Another \$320 million has been earmarked for further cleanup efforts. Interim systems now in place treat and clean as much as 400,000 gallons of contaminated shallow groundwater each day. By July 2000, new systems will allow the treatment of more than 2,000,000 gallons of water daily. The Air Force's goal is to have all systems in place by 2004 to clean up contamination. It is important to note that both the Texas Natural Resource Conservation Commission (TNRCC) and U.S. Environmental Protection Agency (EPA) will have the final say on when the Air Force has completed its cleanup efforts. The Air Force cannot, and will not, cease cleanup efforts until both the TNRCC and EPA



Planning and Follow-through Have Paid Off!

Community Planning

Actions: Extensive planning efforts focused on the transformation of Kelly have paid off. In July 1995, Mayor Bill Thornton appointed the Initial Base Adjustment Strategy Committee (IBASC). This coalition of community leaders representing all sectors of the San Antonio community set a clear vision and established sound goals and objectives for Kelly's transformation. The December 1995 IBASC Vision 21 report charted a clear course for Kelly's future. It recommended that Kelly jobs be preserved, more jobs created and that Kelly be developed into a world-class industrial park to serve as an economic engine, continually generating new jobs for San Antonio.

In January 1996, the Greater Kelly Development Corporation (now Authority) was created. GKDA immediately began an extensive 18-month process that resulted in the *Master Plan for the Redevelopment of Kelly Air Force Base*, which has been hailed as a model for BRAC redevelopment plans. As part of the master planning process, GKDA:

- Agreed to accelerate the Master Plan schedule by six months, allowing the Air Force to complete its statutorily required BRAC actions one year ahead of schedule. This move accommodated both Air Force public-private competition objectives and the growing number of private concerns interested in reusing available Kelly property.
- Conducted extensive outreach efforts to the community and established a Citizens Advisory Panel to make recommendations for future Kelly property use consistent with the IBASC vision.
- Made frequent progress reports to community leaders and elected officials.
- Held three hearings on the Master Plan prior to submitting it to the Air Force.
- Worked hand-in-hand with the Air Force to acquire extensive facilities and workload information without which the Master Plan could not have been accomplished.
- Helped the Air Force prepare its Environmental Impact Statement through comprehensive joint land-use planning sessions early in the process.
- Developed a comprehensive property acquisition strategy that included all surplus property and Kelly's utility systems.
- Completed property acquisition negotiations with the Air Force by June 1997.
- Worked with the Metropolitan Planning Organization to identify future transportation infrastructure needs.
- Agreed to enter into a Cooperative Agreement with the Air Force to provide base operating support and certain workload support much earlier than is typically done at BRAC installations. This has led to GKDA acquiring extensive experience in operating Kelly and has resulted in significant savings to the Air Force.

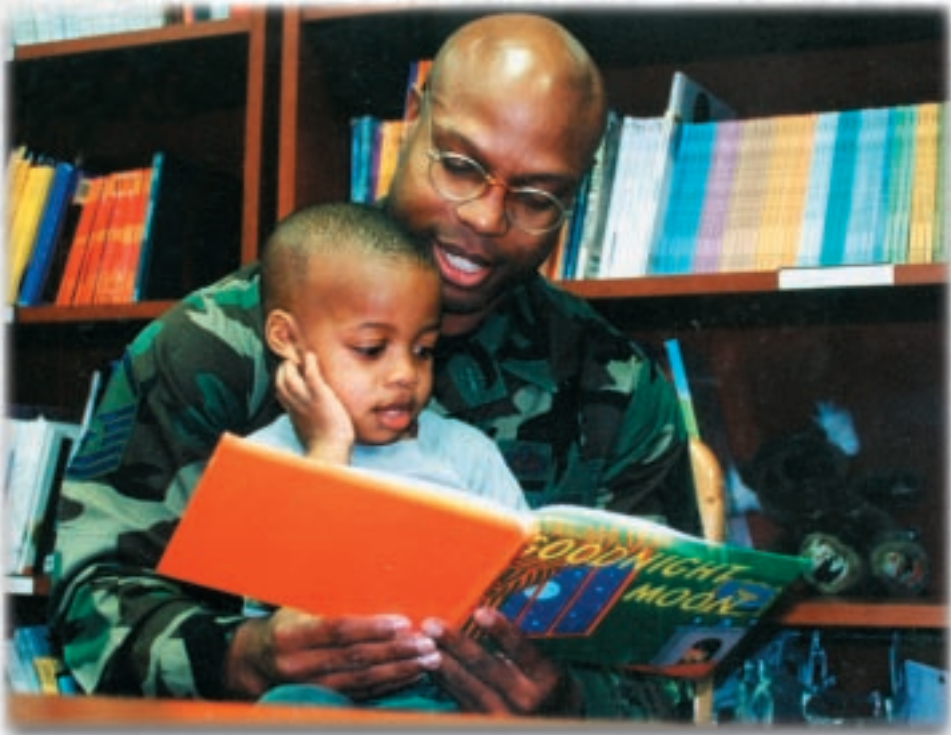


New GKDA Administration Building under construction, 2000.

BRAC and Beyond- Kelly Confronts the Future

In the summer of 1995, a new chapter in Kelly's long history unfolded. The Defense Base Closure and Realignment Commission determined that the Air Force had significant excess capacity and infrastructure in its depot system and recommended the following: *"Realign Kelly Air Force Base including the Air Logistics Center. Disestablish the Defense Distribution Depot, San Antonio. Consolidate the workloads to other DoD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council. Move the required equipment and required personnel to the receiving locations. The airfield and all associated support activities and facilities will be attached to Lackland AFB, Texas..."*

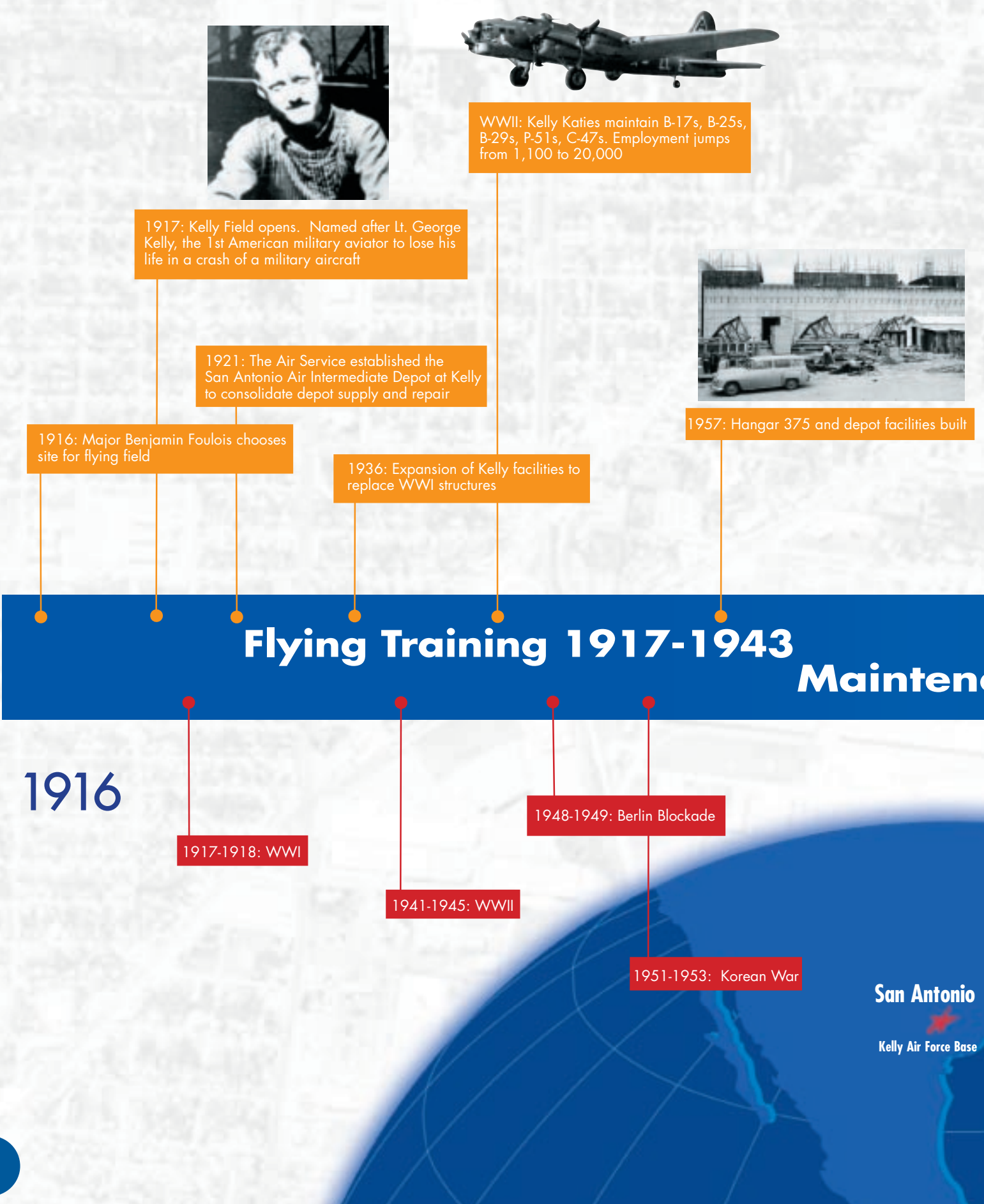
Thus, began Kelly's transformation from 1995 until 2001.



Combined Federal Campaign contributions have provided support to many local charitable organizations. The Kelly Mentoring Program, which pairs

Kelly employees one-on-one with at-risk students, is the largest of its kind in San Antonio. Kelly people are involved in their community. They are quick to volunteer whenever a call for help comes, and they provide outstanding support to the annual Fiesta celebration as well as to other local celebrations.





The Leadership Team:

The principal architects of Kelly's highly successful land and infrastructure transformation are Paul Roberson, Executive Director, GKDA; Patrick McCullough, Senior Representative, AFBCA; Tommy Jordan, Director, SA-ALC BRAC Implementation Directorate; and John "Mac" McCarthy, the Department of Defense Base Transition Coordinator. Since 1995, this team has led the many individuals who have worked together to ensure that both Air Force and San Antonio community goals were met.



Paul Roberson



Patrick McCullough



Tommy Jordan



John McCarthy

Innovations: To transform Kelly's land and infrastructure, these leaders adopted innovative approaches to process and program management. They collectively:

- Agreed early to consult regularly and to honor one another's point of view.
- Provided extensive focused training on the BRAC process, including the utilities conversion process.
- Developed a communication strategy to keep both the work force and the community informed.
- Established projects and milestones that were mutually acted upon by the Air Force, the community and the other federal, state and local organizations involved in the Kelly transformation.
- Tracked thousands of tasks and milestones and managed projects jointly, using a single, consolidated program management system.
- Used a single, common database to access and update critical infrastructure information.
- Held facilitated weekly process integration meetings among key staff to ensure critical issues were identified, resolved and goals met.
- Developed innovative and cost-effective approaches to the appraisal of Kelly property and equipment.
- Established integrated product teams to develop recommendations to the leadership.
- Developed a common process to vacate facilities.
- Developed a standard approach by which outside entities could express interest in and receive access to Kelly property, thus facilitating timely reuse of Kelly facilities.
- Executed one master lease for all Kelly AFB property and, through time, amended the lease to allow beneficial occupancy to GKDA and its tenant organizations.
- Held regular status briefings with SA-ALC leadership and many visiting officials.
- Used a single process integration contractor to facilitate project management.



Groundbreaking of GKDA Administration Building, 1999

Making Kelly's Transformation Happen

Immediately after the Defense Base Closure and Realignment Commission voted to realign and close portions of Kelly, Air Force and San Antonio city leaders adopted a proactive strategy towards transforming Kelly's land and infrastructure. The vision, planning, partnership and performance of the leaders who have seen this transformation through have resulted in one of the most successful base conversions since the base realignment and closure process began in 1988. This partnership included leaders from the San Antonio community, GKDA, Kelly, the Air Force Base Conversion Agency (AFBCA), the Air Education and Training Command (AETC), the Department of Defense Office of Economic Adjustment and other organizations. These diverse groups came together early on and agreed to work toward the common goal of

transforming Kelly into a facility that would be a continuing source of pride for both the Air Force and the community. This transformation has been successful because of an early, clear and consensus-building vision on the part of the community and because both the Air Force and the community developed and stuck to an aggressive and comprehensive plan of action. From the outset, the leadership team understood that Kelly's industrial nature and the complexity of its workloads would combine to make Kelly's transformation one of the most challenging base conversions ever. Early and continuous Air Force and community coordination and planning efforts enlisted the full cooperation among all parties carrying out the BRAC process.



2001: Kelly Closes. KellyUSA continues tradition of excellence.

1960: B-52 arrives



1950s-1970s: T34,T56, J79 engines



1970s-1990s: F100, TF39 engines

1995: Base Closure announced

1999: F100 engine workload transfers



1969: C-5 arrives



1993: B-52 leaves



1998: C-5 leaves

ance and Overhaul of Aircraft 1925-present

1962: Cuban Missile Crisis

1989: Operation JUST CAUSE

1998: Kosovo

2001

1990-91: Operation DESERT STORM

1964-1973: Vietnam War

Transforming Kelly:
Missions

The BRAC decision in 1995 required dramatic changes in Kelly's missions. Some missions were to be realigned to other Air Force installations. Others were candidates for privatization or public-private competition and would either be relocated from San Antonio and/or reinvented to be performed by the private sector. To add to this formidable challenge, these transformations would have to be accomplished without jeopardizing Air Force readiness and by minimizing the impact on the community. This section briefly describes some of the mission transformations that have occurred or will be occurring at Kelly.

Relocated/Reinvented
Missions

Transforming the C-5 Mission:
Relocated Through Competitive
Sourcing

The programmed maintenance work on the C-5 Galaxy was identified for public-private competition by the Air Force in 1996. In August 1997, Warner Robins Air Logistics Center in Georgia won the contract and the workload systematically moved to Robins AFB. Kelly personnel and their Warner Robins counterparts embarked on a massive transition effort lasting nearly 20 months. The last C-5 repaired at Kelly was completed and delivered in early September 1998.

The C-5 materiel management functions were realigned to Warner Robins with all transfers completed by June 1999. The C-5 mission transfer to Warner Robins was a major success.

There were no disruptions in Air Force readiness because of the performance of Team Kelly.



C-5 Mission Transformation Facts and Figures

- The C-5 public-private competition was the first such competition of its kind by the Air Force.
- The Air Force expects to save \$190 million from the C-5 public-private competition over the seven-year contract period.
- Boeing has leased the former C-5 maintenance facilities at Kelly to perform maintenance and overhaul work on military and civilian cargo aircraft.

and organizational dedication to on-going Kelly missions

Facts and Figures on the Transformation of the Kelly Work Force, 1995-2000

	Jan 1996	Jan 2000
Civilian Population	10,500	3,730*
Civilian Employee Demographics		
Average Age	44	49
Average Years of Service	16	21
Education		
Bachelors Degree or Higher:	24%	33%
Occupation		
Logistics/Inventory Management	8%	17%
Clerical	15%	9%
Administrative**	25%	50%
Engineers	5%	6%
Engineering Technician	5%	2%
FWS (Blue Collar)	42%	16%
Ethnicity		
Hispanic	61%	58%
White	31%	32%
African American	7%	9%
Other Minority	1%	1%
Gender (Female/Male):		
Total ALC	27% / 73%	36% / 64%
White Collar	41% / 59%	43% / 57%
Blue Collar	9% / 91%	2% / 98%

* Includes 846 employees in Operating Locations relocating to Hill, Robins and Tinker Air Force Bases

** Includes other diverse skills such as Contract Specialists, Budget Analysts, Human Resource Managers, Lawyers and Medical Professionals.



The SA-ALC work force continues its history of outstanding individual

Individual Awards

- Bio-Environmental Engineering Airman of the Year, 1995
- Presidential Suggestion Award, 1995
- Air Force Outstanding Information Management Award, 1995
- Air Force Association Dan Berkant Award, 1995, 1996, 1997, 1998, 1999
- Air Force Outstanding Supply & Fuels Personnel Award, 1996
- Department of Defense Standardization Program Award, 1996
- Air Force Security Forces Company Grade Officer of the Year, 1996
- Air Force Association Executive Division Management Award, 1996
- Air Force Association Storz Award, 1996
- Secretary of Defense Productivity Excellence Award, 1996, 1997
- Department of Defense Superior Management Award, 1997
- Air Force Association Outstanding Civilian of the Year, 1997
- Air Force Financial Management and Comptroller Award, 1997
- Air Force Outstanding Civil Engineer Manager of the Year, 1997
- Air Force Distinguished EEO Award, 1997, 1998
- Department of Defense Engineering/Technical Management Specification & Standard Team Award, 1998
- Air Force Civilian Award for Valor, 1998
- Air Force Civilian Personnel Officer of the Year, 1998
- Air Force Exceptional Civilian Service Decoration, 1998, 1999
- Presidential Rank Award, 1999
- An Additional 65 Individual Awards



Mr. Phillip W. Steely, Executive Director SA-ALC, receives Presidential Rank Award 1999

Organizational Awards

- Hispanic Heritage Award, 1995
- Federal Women's Programs Award, 1995, 1996
- National Partnership Award, 1996
- Federal Energy and Water Management Award, 1997
- Public Service Excellence Award, 1998
- Air Force Organizational Excellence Award, 1995
- Military Traffic Management Command Award, 1995
- Secretary of Defense Design Excellence Award, 1995, 1996
- Air Force Design Award, 1996
- Civilian Personnel Flight of the Year, 1996
- Air Force Secretary Outstanding Contribution to AF Competition Award, 1996, 1997
- Air Force Flying Safety Award, 1998
- Air Force Innkeeper Award, 1997, 1999
- Air Force Public Affairs Excellence Award, 1997, 1999
- Best Air Force Child Development Center, 1998, 1999
- National Performance Review Hammer Award, 1999
- An Additional 48 Organizational Awards



Propulsion Business Area Source Selection Team receives Hammer Award 1999

Reinventing Kelly's Engine Depot Maintenance Workload

The \$750 million engine overhaul and repair work performed at Kelly was identified for public-private competition. The magnitude of this effort was unparalleled in the



history of Air Force depot maintenance contracting. The source selection process involved a determined core of Team Kelly members, often working around-the-clock. The Oklahoma City Air Logistics Center (OC-ALC) and a Lockheed Martin Team



included performing part of the work at OC-ALC by the Air Force (F100 engine), and part of the work in KellyUSA facilities by Lockheed Martin (TF39 engine) and its partners, including Standard Aero (T56 engine), Woodward (mechanical accessories), Chromalloy (metal plating operations), and EG&G (logistics support). This transition was successfully accomplished

without jeopardizing Air Force readiness. Exceptional preplanning accomplished by the Kelly team included nearly 40 bridging contracts that allowed private enterprise to augment Air Force depot maintenance production efforts. Kelly's depot engine work has totally transitioned and Air Force readiness is at levels well above expectations.



Kelly's Propulsion Materiel Management Workload Transition

The Air Force's objective is the smooth transition of the materiel management workloads to the OC-ALC. That transition will begin incrementally in 2000 and be completed not later than April 2001. The transfer of the Propulsion Materiel Management team will be in place by then as well.



Engine Mission Transformation Facts and Figures

- The engine mission contract was awarded on February 5, 1999 with a potential value of \$10.2 billion over 15 years making it the largest repair overhaul contract in Air Force history.
- The total value of the contract work to be accomplished at Kelly is expected to exceed \$5 billion over the entire 15-year period.
- The engine mission acquisition team was selected to receive the Vice President Al Gore Hammer Award for its management of the entire competition process.
- 95 percent of the 1,200 Lockheed Martin employees are former Kelly employees.

OUTREACH – The transition office has provided numerous presentations and an Employee Transition Kit handbook disseminating critical information about resources and services available to prepare for transition and/or relocation for employment.

RETRAINING AND EMPLOYMENT PREPARATION – The Department of Labor's Job Training Partnership Act has provided training for 2,425 Kelly employees. Nearly all of the Kelly work force has attended one or more employment preparation training workshops. The Enterprise Foundation provided more than 800 Kelly employees with training in basic computer fundamentals and office software applications.

TRANSITION ASSISTANCE WORKSHOPS – Seminars and classes on career selection/enhancement, job search strategy, resume writing, interview skills, federal employment, entrepreneurial training and counseling and managing change have been provided for Kelly employees.

RELOCATION ASSISTANCE – Relocation services were provided to include entitlement briefings, real estate reimbursement briefings, home buying seminars, and Nuts and Bolts of Moving seminars. In addition, Permanent Change of Station Fairs and community visits were hosted, where representatives from the bases and local communities to which Kelly employees would transfer provided comprehensive information and an opportunity to meet Kelly employees and families moving to their areas.

ON-SITE JOB FAIRS – 6,800 Kelly employees have attended job fairs sponsored by Kelly's Civilian Personnel Transition and Training Offices.

PERSONAL FINANCIAL MANAGEMENT COURSES – The base offers specialized retirement and long-range fiscal planning workshops/seminars for government employees.

OMBUDSMAN –The partnership among Kelly Civilian Personnel, employees and Alamo Workforce Development, Inc. has facilitated special needs assistance/support and mediated training and relocation issues for over 1,400 Kelly employees and families since early 1997.

TRANSITION LIFE ADVISORS – Social service providers from the United Way offer assistance to Kelly employees and their families dealing with extraordinary stress caused or exacerbated by relocation or transition.





Aerospace Fuels Management Directorate

The Directorate of Aerospace Fuels Management transferred in-place from the Air Force to the Defense Logistics Agency Energy Support Center (DESC) on October 1, 1999. DESC has assumed the inventory management responsibility for missile fuels, chemicals, specialty gases, propellants, cryogenic liquids, and special fuels.

Specific technical and quality functions for fuels will be managed by Fort Belvoir, Virginia, and will remain on-site at Kelly.

Transforming Kelly: People Taking Care of Our People

Kelly's most important resource has always been its people. The transformation of Kelly's missions and the transfer of land and infrastructure have been accomplished while taking care of Kelly's many employees.

A highly successful part of the Kelly transformation

involuntarily separated out of nearly 6,000 jobs that were to be eliminated. In addition to normal attrition, use of the Voluntary Separation Incentive Pay and Early Retirement programs has resulted in nearly 1,900 voluntary separations. More than 800 employees have relocated with their workloads to other bases,



Brigadier General Robert M. Murdock (right) will assume command of the San Antonio ALC from Major General Paul L. Bielowicz (left) in July 2000

has been the programs implemented to minimize separations and hardships resulting from the base realignment and closure decision. Extensive efforts have been made to limit the number of employees impacted by a Reduction-in-Force (RIF), while achieving work force reductions since the 1995 closure decision. Through 1999, only 517 permanent workers had been

and another 1,320 employees have been out-placed to other federal jobs through the DoD Priority Placement Program. A benchmark transition and relocation assistance program, developed by the Kelly Civilian Personnel Transition and Training Office, has provided retraining and DoD employment preparation programs, job fairs, transition workshops and other initiatives.

Reinvention of Kelly's Defense Depot San Antonio Workload

The Defense Depot San Antonio and the Defense Logistics Agency worked with the Air Force and GKDA to secure a sole source contract with EG&G in March 1998 to operate 3.8 million square feet of warehousing facilities at Kelly. This contract provided for the incremental relocation of Department of Defense inventory from Kelly to other DoD depots. As part of this effort, warehouse space no longer needed for DoD inventory could be used for GKDA's commercial redevelopment activities. The unique experiment in the transformation of DoD's approach to warehousing, has resulted in significant savings to DoD and the taxpayer, and has allowed EG&G and GKDA to incrementally build a commercial multi-modal operation at Kelly. This unique concept has benefited both GKDA's redevelopment efforts and the Boeing and Lockheed Martin teams.



Defense Depot San Antonio Reinvention Facts and Figures

- The Kelly-based Defense Depot San Antonio distribution function was the largest in the Air Force.
- EG&G, under its privatization contract to DLA, assumed the distribution mission in March 1998 and was able to accomplish the workload with no disruption to the Air Force mission.
- The privatized contractor's performance at Kelly has consistently exceeded the performance levels at other DLA depots.
- The success of the privatized San Antonio depot operation was a stimulus for DLA's initiative to privatize several of its other depot operations.

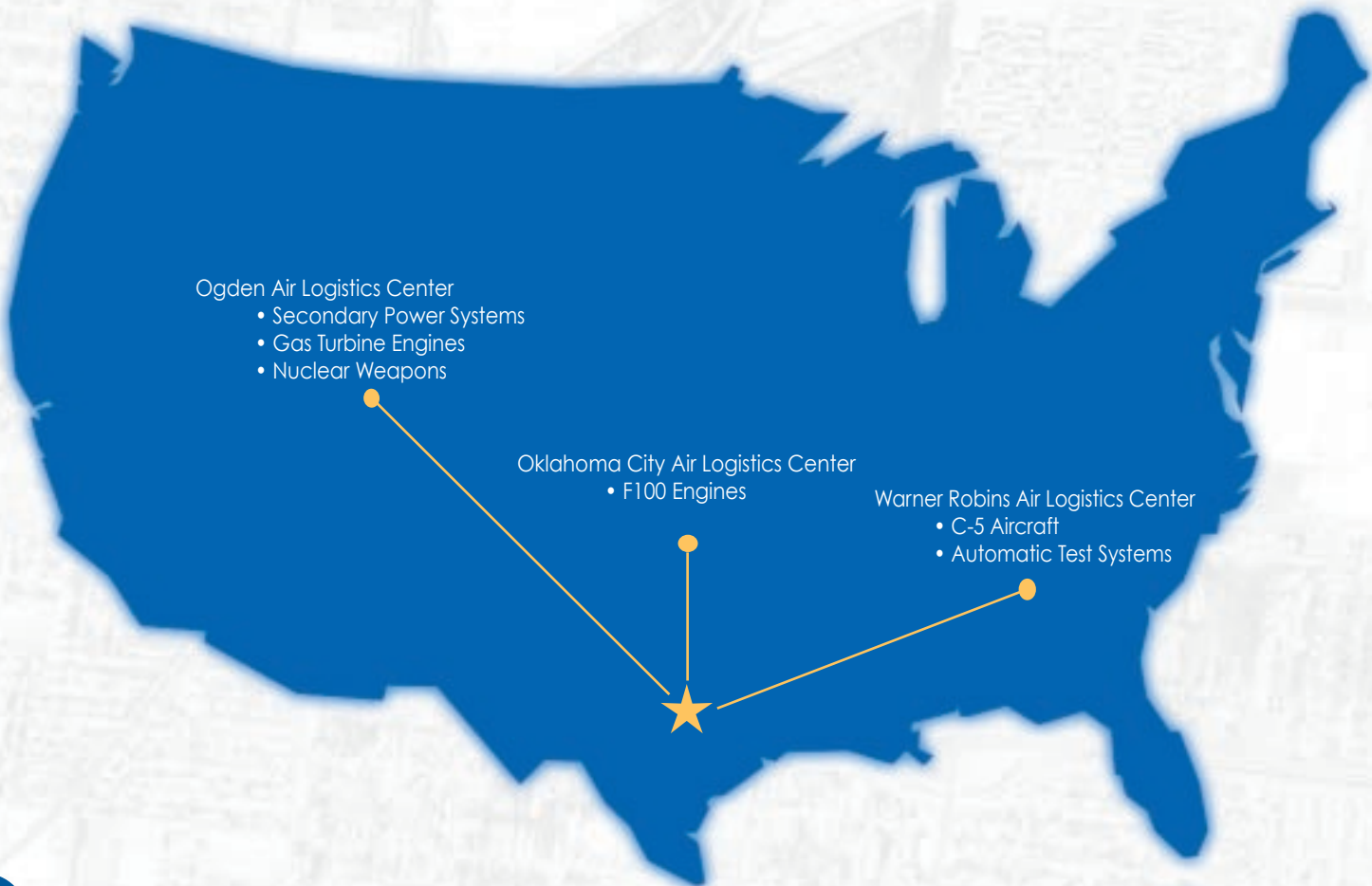
Realigned Missions

Aerospace Equipment Management Directorate Mission

The Aerospace Equipment Management Directorate, the largest commodity organization in the Air Force, will realign parts of its management responsibility to each of the remaining Air Logistics Centers. The Aircraft Accessories Division realigned to Oklahoma City in the spring of 2000. The Power Systems Division will divide its missions: some will move to the Ogden Air Logistics Center in Utah, while others will transfer to Oklahoma City.

The final segments, Ground Support Equipment and Automatic Test Systems, will realign to Warner Robins during late 2000 and early 2001.

Bridging contracts are allowing private contractors to repair aircraft parts on demand if Air Force repair facilities encounter unexpected problems during the transition period. Thus, Air Force readiness will be preserved—a major accomplishment!



Aerospace Equipment Management Directorate Mission Facts and Figures

- Aerospace Equipment Management Directorate supported virtually every organization on every Air Force base with one type of equipment or another to include runway barriers, aircraft fuel bladders, borescopes for engines, oscilloscopes for electronic testing, emergency radios, engine test cells, and thousands of additional items.
- The total budget for the Directorate exceeded \$1 billion annually.

C-17 Aircraft / Systems Support Management Directorate

The C-17 Directorate will be moving from San Antonio to Warner Robins; however, equipment managed by the C-17 Directorate has transferred to Boeing. As a result, the C-17 Directorate will transform the way it accomplishes its mission. It will be supported using an interim contractor under a concept referred to as Flexible Sustainment. The concept proposes the contractor will be responsible for configuration control, materiel management, depot level maintenance, support engineering, modifications

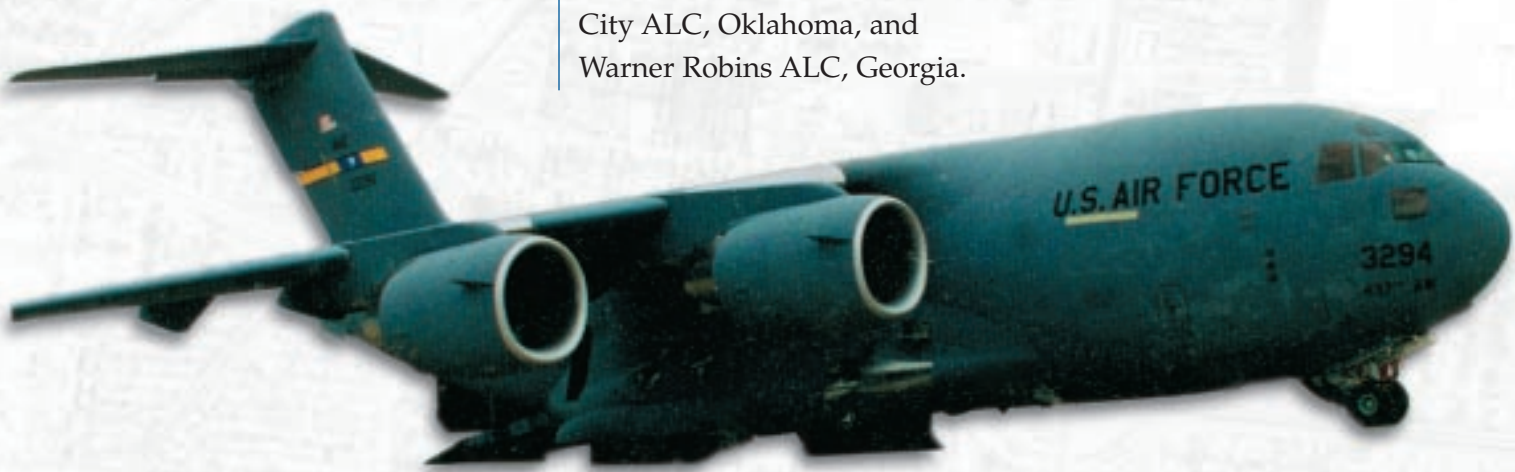
and just-in-time spares management.

Mature Aircraft Management Directorate

The Mature Aircraft Directorate supports 6,000 older aircraft of 31 types no longer flown by the U.S. Air Force but still flying in more than 100 other countries. This directorate will transfer to Ogden ALC, Utah, in 2000.

The Nuclear Weapons Directorate

The missions performed by the Nuclear Weapons Directorate have been consolidated at various facilities, including Kirtland AFB, New Mexico, Ogden ALC, Utah, Oklahoma City ALC, Oklahoma, and Warner Robins ALC, Georgia.





Rendering of New GKDA Building at KellyUSA

GE, MGS, Ryder, and All Other Leases to Date

Other redevelopment activities during Kelly's transformation have also used the same collaborative approach that attracted Boeing, Lockheed Martin, and other tenants to KellyUSA.

Despite many challenges, Team Kelly has overcome every obstacle. Government work, organically performed until Kelly's transformation period, was initially provided through the innovative use of a Cooperative Agreement to stimulate a commercial business base. People from different organizations and backgrounds have learned to collaborate in partnership to make the right things happen.

Kelly's Future

The KellyUSA vision is to create a major business center that is the location of choice for quality corporations and serve as an engine of economic development for San Antonio. The vision includes an inland port, merging rail, truck, and air distribution systems that serve as a gateway to Central and South America. The vision also includes building upon Kelly's history and creating a commercial aviation maintenance, repair, and overhaul center of excellence.

The vision is already being realized with Boeing and Lockheed Martin both choosing to do business at KellyUSA. The Air Force and GKDA, while working as a team, facilitated this first-of-a-kind collocation of two aerospace giants. Those companies and the clusters of manufacturing and supply vendors will enable Kelly's vision to become a reality—with new thoroughfares, new air cargo facilities, new warehouses, and a host of supportive administrative facilities. It is no wonder KellyUSA's redevelopment is considered "The Model" for future base conversions.

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